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RESIDENTIAL UTILITY CONSUMER OFFICE

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October 11, 2011

Arizona Corporation Commission

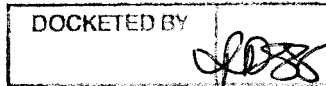
DOCKETED

OCT 11 2011

Janice K. Brewer
Governor

Jodi A. Jerich
Director
jjerich@azruco.gov

Chairman Gary Pierce
Commissioner Bob Stump
Commissioner Sandra D. Kennedy
Commissioner Paul Newman
Commissioner Brenda Burns
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007



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AZ CORP COMMISSION
DOCKET CONTROL

Dear Chairman Pierce and Commissioners:

Re: Johnson CAGRD Surcharge – 10-11-11 Open Meeting Agenda
Item U-12: Docket No. WS-02987A-08-0180

Since I put a slip in too late to speak on this Open Meeting agenda item today, I wish to place my intended comments into the record in letter form.

RUCO would like to put into the record our appreciation for Staff's diligent efforts in correctly calculating the Johnson Utility CAGRD surcharge.

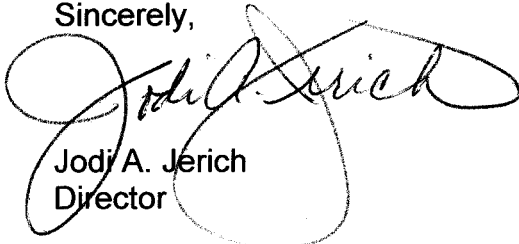
RUCO notes that in order to verify Johnson's proposed CAGRD surcharges, Staff had to hold several meetings with Johnson Utilities, meet with the CAGRD staff, and conduct additional discovery. As a result of this work, Staff found that Johnson's claim that it had under collected its CAGRD surcharge for Phoenix AMA customers by (\$569,743.99) was incorrect based on several miscalculations – that all went to the benefit of the utility.¹ By Staff's analysis, the utility had actually over collected \$84,778 – a swing of over \$650,000! RUCO also recalls the October 5, 2010 Staff Report that informed the Commission that Johnson Utility was collecting the CAGRD surcharge four months before its authorized implementation date.

¹ Johnson Utilities also claimed that it under collected the CAGRD surcharge for Pinal AMA customers by (\$6,938.31). Staff found Johnson Utility had over collected by \$3,872.

The Commission is well aware that RUCO originally voiced concerns over the creation of this surcharge. However, Staff's vigilance has lessened these concerns to some degree.

As a result of Staff's work, the Commission was able to have information before it in order to approve a CAGR surcharge that was accurate and based on verifiable data. Johnson ratepayers will now pay a CAGR surcharge that is significantly less than what the utility had originally claimed it was entitled to collect.

Sincerely,

A handwritten signature in black ink, appearing to read "Jodi A. Jerich", is written over a circular stamp. The signature is fluid and cursive.

Jodi A. Jerich
Director

Cc: Steve Olea, Utilities Director
Parties to the Docket